

## Agency Purpose

The Gambling Control Board (Board) regulates lawful gambling in Minnesota, so that citizens are assured of the integrity of the operations and nonprofit organizations may continue to raise funds for charitable contributions.

## Core Functions

The Board regulates five forms of lawful gambling: pull-tabs, raffles, bingo, paddlewheels, and tipboards. The Board licenses nonprofit groups that conduct lawful gambling. Compliance audits and inspections are done at charitable gambling sites in Minnesota ensuring the integrity of operations and accountability of an estimated \$1.2 billion in annual gross receipts.

## Operations

The Board is comprised of seven citizens and supported by 31.5 full-time equivalent staff. It regulates and provides education and guidance to the lawful gambling industry.

**Administration** oversees the agency providing rules coordination, human resources and administrative support for the Board.

**Compliance** conducts compliance audits of licensed organizations and educates the industry using training classes, a newsletter, the website, and mentoring.

**Investigations** monitors for theft and fraud in the industry by inspecting gambling products, investigating irregularities noted in compliance audits and responding to allegations made by players.

**Licensing** reviews applications and issues licenses and permits for those compliant with statutes. If serious statute violations are found the board will suspend or revoke lawful gambling licenses.

## Key Goals

The 2008 Legislature authorized the Board to study operations and regulatory procedures, accounting functions, tax structure and recent trends in lawful gambling. The goals of the study are to:

- ◆ Maintain regulation but simplify reporting
- ◆ Minimize expenses for charitable organizations and increase donations
- ◆ Explore new technology for accounting and reporting
- ◆ Simplify the tax structure

## Key Measures

In calendar year 2007 the board:

- ◆ held training and education classes for over 9,150 registered employees of licensed organizations
- ◆ conducted compliance audits of 581 organizations (42% of licensed organizations), an increase of nearly 10% from 2006
- ◆ inspected 1,964 gambling sites for law compliance (63% of sites)
- ◆ investigated 144 cases for fraud or defective gambling equipment; 69 cases were referred for criminal charges. Increased oversight and game testing resulted in a decrease of 4% in the number of cases from the previous year.

## At A Glance

In calendar year 2007:

- ◆ In Minnesota the lawful gambling industry generated \$1.2 billion in gross sales
- ◆ Net state taxes on lawful gambling were \$47.5 million
- ◆ Charitable contributions exceeded \$55 million
- ◆ The board issued:
  - ⇒ 3,126 gambling site permits
  - ⇒ 1,381 nonprofit organization licenses
  - ⇒ 3,413 exempt/excluded permits
  - ⇒ 15 distributor licenses
  - ⇒ 12 manufacturer licenses
  - ⇒ 2 linked bingo game providers licenses

Cost of regulation:

- ◆ For every dollar spent on lawful gambling less than one fourth of a penny goes towards regulation

**Budget**

The biennial operating budget for the Board is \$5.8 million. The agency is supported by special revenue fees collected biennially in the form of license/permit and regulatory fees. Fees are paid by manufacturers and distributors of gambling equipment, linked bingo game providers, and nonprofit organizations. Penalties and fines are paid to the state's general fund.

**Contact**

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*Dollars in Thousands*

	Current		Forecast Base		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<b><u>Direct Appropriations by Fund</u></b>					
<b>Miscellaneous Special Revenue</b>					
Current Appropriation	2,869	2,940	2,940	2,940	5,880
<b>Forecast Base</b>	<b>2,869</b>	<b>2,940</b>	<b>2,940</b>	<b>2,940</b>	<b>5,880</b>
Change		0	0	0	0
% Biennial Change from 2008-09					1.2%
 <b><u>Expenditures by Fund</u></b>					
<b>Direct Appropriations</b>					
Miscellaneous Special Revenue	2,868	2,941	2,940	2,940	5,880
<b>Total</b>	<b>2,868</b>	<b>2,941</b>	<b>2,940</b>	<b>2,940</b>	<b>5,880</b>
 <b><u>Expenditures by Category</u></b>					
Total Compensation	2,408	2,506	2,501	2,497	4,998
Other Operating Expenses	460	435	439	443	882
<b>Total</b>	<b>2,868</b>	<b>2,941</b>	<b>2,940</b>	<b>2,940</b>	<b>5,880</b>
 <b><u>Expenditures by Program</u></b>					
Lawful Gambling Control	2,868	2,941	2,940	2,940	5,880
<b>Total</b>	<b>2,868</b>	<b>2,941</b>	<b>2,940</b>	<b>2,940</b>	<b>5,880</b>
 <b>Full-Time Equivalents (FTE)</b>	 <b>32.1</b>	 <b>31.6</b>	 <b>30.6</b>	 <b>28.6</b>	

# GAMBLING CONTROL BOARD

# Agency Revenue Summary

*Dollars in Thousands*

	Actual FY2008	Budgeted FY2009	Current Law		Biennium 2010-11
			FY2010	FY2011	
<b><i>Non Dedicated Revenue:</i></b>					
<b>Other Revenues:</b>					
General	51	65	65	65	130
<b>Total Non-Dedicated Receipts</b>	<b>51</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>130</b>
<b><i>Dedicated Receipts:</i></b>					
<b>Departmental Earnings:</b>					
Miscellaneous Special Revenue	1,548	1,540	1,540	1,540	3,080
<b>Total Dedicated Receipts</b>	<b>1,548</b>	<b>1,540</b>	<b>1,540</b>	<b>1,540</b>	<b>3,080</b>
<b>Agency Total Revenue</b>	<b>1,599</b>	<b>1,605</b>	<b>1,605</b>	<b>1,605</b>	<b>3,210</b>